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The President's Daily Brief

October 30, 1976

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USSR-EGYPT: *Egypt has responded to overtures from the USSR to improve state-to-state relations.*

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Several days after that meeting, it was rumored that Foreign Minister Fahmi--who has argued in the past that Egypt should try to improve its ties with the USSR--was trying to arrange a meeting with Gromyko. An Asian diplomat has reported that the meeting will take place in early November, although Egyptian officials in talks with US counterparts continue to deny knowledge of such a meeting.

A Soviet trade delegation will arrive in Cairo in late November or December to discuss a new trade agreement. These negotiations could lead to a resumption of talks on rescheduling Egypt's military and economic debt totaling $5 billion.

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EGYPT-LIBYA: *Egypt apparently is continuing to plan subversive action against Libyan President Qadhafi.*

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Qadhafi, for his part, has been trying for some weeks to mend fences in an effort both to fend off the military threat from Egypt and, lately, to break out of the more isolated position in which the Egyptian-Syrian rapprochement has left him.

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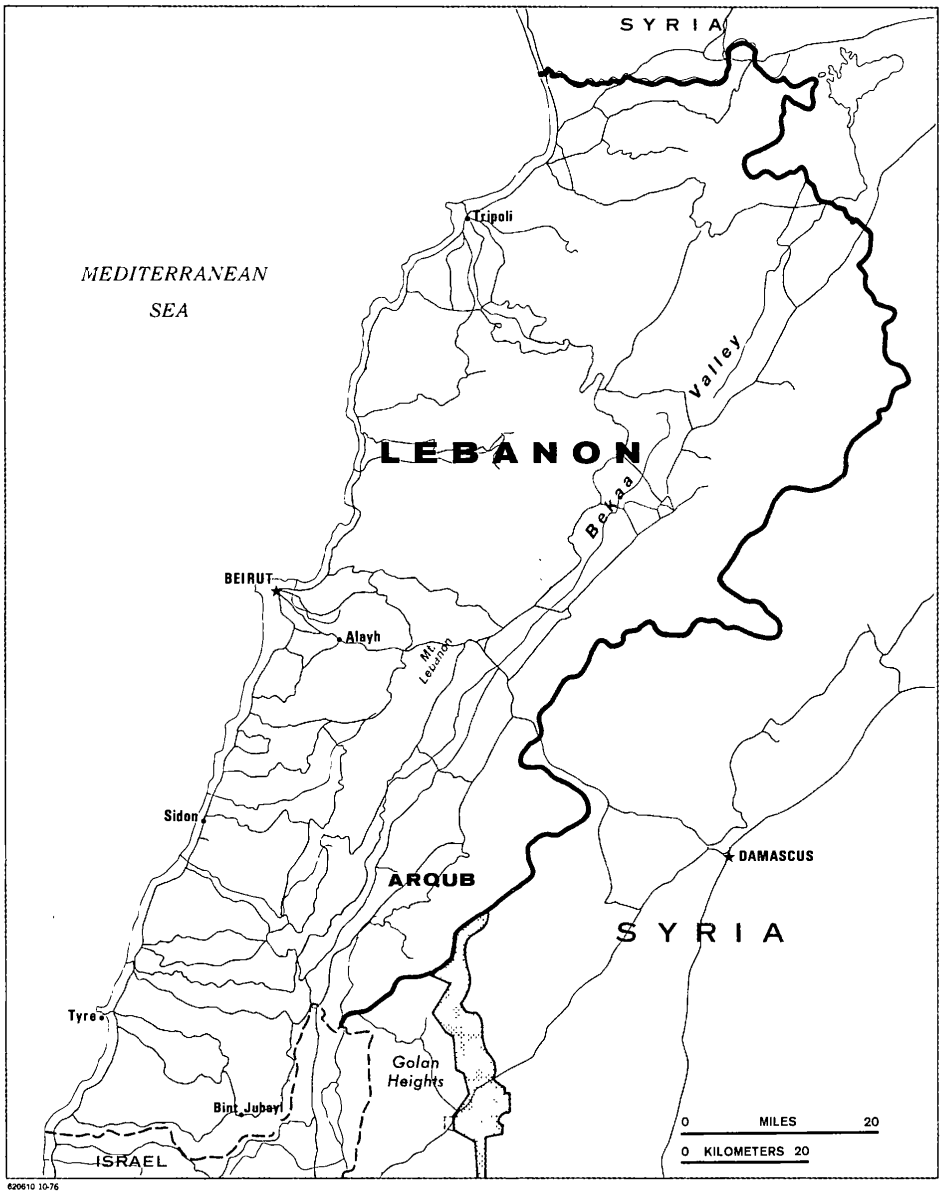

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LEBANON: *The Syrians apparently are trying both to ensure Palestinian cooperation and to rein in their Christian allies by allowing some Palestinian guerrillas to move south into the Arqub.*

Syrian Foreign Minister Khaddam met separately with Lebanese Christian and Palestinian leaders Thursday in Damascus to encourage both sides to stop fighting in southern Lebanon. Khaddam reportedly tried to allay Christian apprehensions that Damascus had shifted its support to the Palestinians, and he again advised the Christians to limit their dealings with the Israelis. 25X1

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Syria actually seems to want to develop a balance between the Palestinians and the Christians in southern Lebanon as a means of gaining greater control over both groups. 25X1

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ITALY: *Communist chief Berlinguer is raising the price for further Communist cooperation with Prime Minister Andreotti's Christian Democratic minority government.*

Over the past week, Berlinguer has mounted a campaign to force the government into more formal and open consultations with the Communists, at least on economic policy.

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[redacted] Berlinguer sent an open letter to Andreotti, Christian Democratic chief Zaccagnini and the leaders of the four parties that--along with the Communists--permitted Andreotti's installation by abstaining on his confidence vote in August. Berlinguer stated in his letter that the austerity measures suggested so far are not adequate to deal with Italy's problems and called for roundtable conferences of all the parties and the government to thrash out economic policy. 25X1

Berlinguer probably sees several advantages in such conferences. They would help him to deal with rank-and-file Communist dissent that has developed over his support for an austerity program by demonstrating that the party is making progress toward a larger role in national policy making. In addition, they would spread responsibility for the harsh measures that Berlinguer seems to agree the government must adopt.

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The Christian Democrats have yet to respond to Berlinguer's letter. In a comment that suggests an attempt at compromise, however, one Christian Democratic spokesman said that at the maximum the party would favor a "formalization" of meetings that are held to establish a parliamentary agenda.

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In Lombardy, meanwhile, the Christian Democratic - led regional government agreed this week to a consultative relationship with the Communists of the sort that Berlinguer wants in Rome.

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NOTES

Militant black students in Soweto township outside Johannesburg, South Africa, have called for a five-day strike next week by the area's black industrial workers. Notices for the work stoppage reportedly urge blacks to avoid confrontations with police.

The last black work stoppage, which occurred in mid-September, lasted three days and kept some three fourths of the black industrial workers in the metropolitan area away from their jobs. Two strikes in August were marked by violence between police and students.

* * *

East German party chief Erich Honecker had himself named head of state yesterday in a surprise shake-up of his regime.

Honecker now has both of the positions held by his predecessor, Walter Ulbricht. All party chiefs in the East European Warsaw Pact countries are now also heads of state except for Hungary's Kadar and Poland's Gierek.

Honecker also removed Horst Sindermann from the post of prime minister and replaced him with Willi Stoph, who had been chairman of the Council of State--head of state--since 1973. Sindermann was given the largely ceremonial post of president of the Parliament.

Sindermann's sudden fall from power may have resulted in part from East Germany's growing economic problems. After record trade deficits with the West in 1974 and 1975, East Germany experienced this year both disappointing results from its "export offensive" and reduced agricultural output as a consequence of the severe drought.

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North Korea is trying to limit damage from the highly publicized expulsion of diplomatic personnel from the Scandanavian countries this month for trafficking in narcotics, duty-free liquor, and cigarettes.

North Korea has acknowledged privately that some of its representatives engaged in illegal activities. The North Koreans have withdrawn ambassadors and staff members as requested, refrained from retaliatory acts against Scandanavian officials in Pyongyang, and replaced the ousted diplomats.

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Activities similar to those uncovered in Scandanavia have been reported on a smaller scale in Malaysia, Burma, Switzerland, Egypt, and Argentina. The illegally acquired funds have been used to help defray operating expenses for North Korea's embassies and trade missions as well as to finance intelligence and propaganda activities abroad.

The Scandanavian countries have noted that they do not wish the expulsions to disrupt good relations with North Korea.

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